

Message Text

UNCLASSIFIED

PAGE 01 STATE 050164

50

ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 PRS-01 /019 R

DRAFTED BY EA/J:WPIEZ:AP

APPROVED BY EA/J:WSHERMAN

EB/FSE - MR. WILSON

----- 050310

P 061551Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

UNCLAS STATE 050164

E.O. 11652: N/A

TAGS: ENRG, JA

SUBJECT: BACKGROUND FOR AMBASSADOR'S SPEECH

ATTENTION MR. WESTMORE

FOLLOWING ARE EXCERPTS FROM STATEMENT BY MR. ENDERS BEFORE
THE SUBCOMMITTEE ON ENERGY AND POWER OF THE HOUSE COMMITTEE
ON INTERSTATE AND FOREIGN COMMERCE, FEBRUARY 17, 1975.

LONG TERM COOPERATION

AS IMPORTANT AS THE EMERGENCY ARRANGEMENT IS, IT IS
BASICALLY A SHORT-TERM INSURANCE POLICY. OVER THE LONG
TERM, THE IEA (INTERNATIONAL ENERGY AGENCY) IS COMMITTED TO
A COMPREHENSIVE COOPERATIVE PROGRAM TO REDUCE THE GROUP'S
DEPENDENCE ON IMPORTED OIL. NATIONAL PROGRAMS TO MODIFY
PATTERNS OF ENERGY CONSUMPTION AND BRAKE ITS RATE OF GROWTH
AS WELL AS TO DEVELOP NEW ENERGY SOURCES ARE TO BE THE
PRINCIPAL VEHICLE FOR ACHIEVING THIS OBJECTIVE. THE EFFECT-
IVENESS OF THESE NATIONAL UNDERTAKINGS CAN BE SIGNIFICANTLY
ENHANCED BY BRINGING THEM INTO A MULTILATERAL FRAMEWORK. WE
ARE NOW WORKING AS A MATTER OF PRIORITY IN THE NEW AGENCY
TO FORMULATE THIS LONG TERM PROGRAM. AGREEMENT HAS BEEN
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 050164

REACHED ON A CONSERVATION PROGRAM WHICH ESTABLISHES AN

IEA TARGET OF A REDUCTION IN OIL IMPORTS FOR THE GROUP AS

A WHOLE OF 2 MILLION BARRELS A DAY BY THE END OF THIS YEAR. WE HAVE ALSO AGREED TO FIX SIMILAR CONSERVATION OBJECTIVES FOR 1975-77, 1980, AND 1985. IN ADDITION, WE HAVE ESTABLISHED A FORMAL PROCEDURE WITHIN THE IEA FOR REVIEW OF NATIONAL CONSERVATION PROGRAMS AND THEIR RESULTS AGAINST A SET OF COMMON CRITERIA.

WE ARE NOW SEEKING TO DEVELOP A COMPARABLE FRAMEWORK OF CONSUMER COOPERATION IN THE ACCELERATED DEVELOPMENT OF NEW ENERGY SUPPLIES, AS A VITAL ELEMENT IN OUR OVERALL COMMITMENT TO REDUCE OUR DEPENDENCE ON IMPORTED OIL. AS YOU ARE AWARE, SECRETARY KISSINGER HAS ADVANCED A SERIES OF PROPOSALS FOR CONSUMER COOPERATION IN THIS AREA. THESE ARE:

A COMMON POLICY TO ASSURE ADEQUATE INVESTMENT IN CONVENTIONAL NUCLEAR AND FOSSIL FUEL SOURCES THROUGH A COMMITMENT BY THE MAJOR OIL-IMPORTING COUNTRIES TO EMPLOY A COMMON PRICE FLOOR OR A COMMON TARIFF TO ASSURE THAT IMPORTED OIL IS NOT SOLD WITHIN THEIR ECONOMIES AT PRICES WHICH WOULD MAKE THESE NEW SOURCES NONCOMPETITIVE.

CREATION OF AN INTERNATIONAL SYNTHETIC FUELS CONSORTIUM UNDER WHICH IEA COUNTRIES WILLING TO CONTRIBUTE CAPITAL AND TECHNOLOGY COULD PARTICIPATE IN EACH OTHER'S EFFORT TO STIMULATE PRODUCTION OF SYNTHETIC AND OTHER HIGHER COST FUELS.

A COMPREHENSIVE ENERGY RESEARCH AND DEVELOPMENT AGREEMENT UNDER WHICH TWO OR MORE IEA COUNTRIES WOULD POOL NATIONAL EFFORTS ON A PROJECT-BY-PROJECT BASIS.

IN OUR VIEW, THIS SORT OF COORDINATED APPROACH IS VITAL TO THE SUCCESS OF EFFORTS BY THE UNITED STATES AND OTHER CONSUMING COUNTRIES TO REDUCE THEIR DEPENDENCE ON IMPORTED OIL. THEY ARE DESIGNED TO MEET THE PROBLEM POSED BY THE FACT THAT NEW ENERGY IN THE UNITED STATES AND OTHER

UNCLASSIFIED

PAGE 03 STATE 050164

COUNTRIES WOULD COST SUBSTANTIALLY MORE THAN THE COST OF PRODUCTION OF OPEC (ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES) OIL. AS SECRETARY KISSINGER NOTED IN HIS SPEECH OF FEBRUARY 3:

THIS DISPARITY IN COST POSES A DILEMMA. IF THE INDUSTRIAL COUNTRIES SUCCEED IN DEVELOPING ALTERNATIVE SOURCES ON A LARGE SCALE, THE DEMAND FOR OPEC OIL

WILL FALL AND INTERNATIONAL PRICES MAY BE SHARPLY REDUCED. INEXPENSIVE IMPORTED OIL COULD THEN JEOPAR-

DIZE THE INVESTMENT MADE IN THE ALTERNATIVE SOURCES; THE LOWER OIL PRICES WOULD ALSO RESTIMULATE DEMAND, STARTING GAIN THE CYCLE OF RISING IMPORTS, INCREASED DEPENDENCE, AND VULNERABILITY.

THUS PARADOXICALLY, IN ORDER TO PROTECT THE MAJOR INVESTMENTS IN THE INDUSTRIALIZED COUNTRIES THAT ARE NEEDED TO BRING THE INTERNATIONAL OIL PRICES DOWN, WE MUST INSURE THAT THE PRICE FOR OIL ON THE DOMESTIC MARKET DOES NOT FALL BELOW A CERTAIN LEVEL.

THE LEVELS AT WHICH SUCH PRICES WOULD BE PROTECTED MUST BE DETERMINED BY TECHNICAL STUDY. HOWEVER, IT IS CLEAR THAT IT COULD BE SUBSTANTIALLY LESS THAN CURRENT WORLD OIL PRICES, ALTHOUGH SIGNIFICANTLY HIGHER THAN THE PRE-1973 PRICE.

WE HAD AN INITIAL ROUND OF DISCUSSION OF THESE PROPOSALS AT THE FEBRUARY 5-7 MEETING OF THE IEA GOVERNING BOARD. THE BOARD AGREED THAT COORDINATED MEASURES ARE NECESSARY TO BRING ON ALTERNATIVE SUPPLIES THROUGHOUT THE IEA AREA. THE AGENCY WILL STUDY OUR PROPOSALS FURTHER. THE GOVERNING BOARD WILL MEET AGAIN ON MARCH 6-7 TO EXAMINE THEM IN DETAIL.

RELATIONS WITH OIL PRODUCERS

OUR POLICY DOES NOT AIM FOR CONSUMER COOPERATION AS AN END IN ITSELF. OUR ULTIMATE OBJECTIVE REMAINS A STABLE LONG-TERM COOPERATIVE RELATIONSHIP BETWEEN CONSUMERS AND UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 050164

PRODUCERS. BUT ANY SUCH AGREEMENT WITH THE PRODUCERS IS ONLY POSSIBLE IF WE AS CONSUMERS HAVE FIRST REACHED CLEAR AGREEMENT AMONG OURSELVES ON THE NATURE AND OBJECTIVES OF OUR OWN COOPERATION.

AS I HAVE NOTED, THE SUBJECT OF ACCELERATED DEVELOPMENT OF ALTERNATIVE ENERGY IS THE ONE REMAINING AREA IN THE OVERALL FRAMEWORK OF CONSUMER COOPERATION WHERE WE HAVE NOT YET REACHED BASIC AGREEMENT ON THE MAJOR ELEMENTS AND BASIC PRINCIPLES OF OUR COOPERATIVE EFFORT. ONCE WE HAVE ACHIEVED SUCH AGREEMENT, WE WILL BE READY FOR A PREPARATORY MEETING WITH PRODUCERS TO DISCUSS THE AGENDA FOR AN EVENTUAL FORMAL CONFERENCE. THIS CONFERENCE SHOULD ADDRESS THE BASIC PRINCIPLES WHICH MUST FORM THE BASIS OF ANY STABLE LONG-TERM RELATIONSHIP. WE MUST

EXAMINE OUR COMPLEX FINANCIALRELATIONSHIPS, OUR
SHARED RESPONSIBILITIES TO ASSIST THE LESS DEVELOPED
COUNTRIES, THE PRODUCING COUNTRIES' NEED TO ACCELERATE
THEIR OWN INDUSTRIALIZATION AND DIVERSIFY THEIR ECONOMIES,

THE NEED FOR SECURITY OF OIL SUPPLIES, AND THE FUNDAMEN-
TAL ISSUE OF OIL PRICE. INGERSOLL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, US CONGRESSIONAL PRESENTATIONS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE050164
Document Source: CORE
Document Unique ID: 00
Drafter: WPIEZ:AP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750078-1069
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750376/aaaacpyx.tel
Line Count: 176
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAY 2003 by BalzMJ>; APPROVED <25 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BACKGROUND FOR AMBASSADOR'S SPEECH ATTENTION MR. WESTMORE
TAGS: ENRG, JA, HOUC-IF, (ENDERS, THOMAS O)
To: TOKYO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006